

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 3479

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E.O. 11652: N/A

TAGS: ENRG, ELAB, AR

SUBJECT: GOA INTERVENES STATE OIL COMPANY (YPF)

1. BY DECREE, EXECUTIVE POWER HAS INTERVENED STATE OIL COMPANY (YPF). THE NEW INTERVENTOR, RETIRED LIEUTENANT COLONEL JORGE OBON, TOOK OFFICE AT NOON TODAY (NOV. 18) REPLACING FORMER YPF ADMINISTRATOR NELLS LEON.

2. LABOR TROUBLE HAS BEEN BREWING IN YPF AND WAS PRIMARY FACTOR BEHIND INTERVENTION. SEVERAL WEEKS AGO, FORMER YPF ADMINISTRATOR LEON, UNDER STRONG UNION PRESSURE, AGREED TO SALARY INCREASES FOR YPF PERSONNEL AVERAGING 45 PERCENT PLUS SPECIAL BENEFITS. INCREASES EXCEEDED BY WIDE MARGIN THE \$1,500 PESO PER MONTH HIKE SET BY ECONOMY MINISTER CAFIERO APPLICABLE TO PRIVATE SECTOR AND OTHER STATE ENTITIES. RATHER THAN PERMITTING THEM, EXECUTIVE POWER TOOK TOUGH POSITION ANNULLING AGREEMENT AND INTERVENING YPF.

3. CURRENTLY, SALARY NEGOTIATIONS BETWEEN GOA AND PETROLEUM UNION LEADERS CONTINUE IN TENSE ATMOSPHERE. POSSIBILITY OF A STRIKE REMAINS. MOTOR GASOLINE HAS BEEN IN SHORT SUPPLY RECENTLY DUE SEVERAL FACTORS AND THERE IS APPREHENSION THAT CONTINUATION LABOR PROBLEMS COULD WORSEN SUPPLY SHORTAGES.

4. COMMENT: EXXON REPS DON'T BELIEVE INTERVENTION WILL

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HAVE ANY DIRECT IMPACT ON EXXON'S SITUATION BUT THEY

WATCHING DEVELOPMENTS CLOSELY.
MONTLLOR

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Message Attributes

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